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# A BILL FOR AN ACT

RELATING TO RETIREMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 88-74, Hawaii Revised Statutes, is  
2 amended as follows:

3           1. By amending subsections (c) and (d) to read:

4           "(c) If a member, who became a member prior to July 1,  
5 2012, has credited service as a judge, the member's retirement  
6 allowance shall be computed on the following basis:

7           (1) For a member who has credited service as a judge  
8 before July 1, 1999, irrespective of age, for each  
9 year of credited service as a judge, three and  
10 one-half per cent of the member's average final  
11 compensation in addition to an annuity that is the  
12 actuarial equivalent of the member's accumulated  
13 contributions allocable to the period of service;

14           (2) For a member who first earned credited service as a  
15 judge after June 30, 1999, but before July 1, 2012,  
16 for each year of credited service as a judge, three  
17 and one-half per cent of the member's average final



1 compensation in addition to an annuity that is the  
2 actuarial equivalent of the member's accumulated  
3 contributions allocable to the period of service. If  
4 the member has not attained age fifty-five, the  
5 member's retirement allowance shall be computed as  
6 though the member had attained age fifty-five, reduced  
7 for age as provided in subsection (e);

8 (3) For a member who first earned credited service as a  
9 judge after June 30, 2012, but before July 1, 2017,  
10 for each year of credited service as a judge, three  
11 per cent of the member's average final compensation in  
12 addition to an annuity that is the actuarial  
13 equivalent of the member's accumulated contributions  
14 allocable to the period of service. If the member has  
15 not attained age sixty, the member's retirement  
16 allowance shall be computed as though the member had  
17 attained age sixty, reduced for age as provided in  
18 subsection (i);

19 (4) For a member who first earned credited service as a  
20 judge after June 30, 2017, for each year of credited  
21 services as a judge, two per cent of the member's



1 average final compensation in addition to an annuity  
2 that is the actuarial equivalent of the member's  
3 accumulated contributions allocable to the period of  
4 service. If the member has not attained age sixty,  
5 the member's retirement allowance shall be computed as  
6 though the member had attained age sixty, reduced for  
7 age as provided in subsection (i);

8 [~~4~~] (5) For a judge with other credited service, as  
9 provided in subsection (b). If the member has not  
10 attained age fifty-five, the member's retirement  
11 allowance shall be computed as though the member had  
12 attained age fifty-five, reduced for age as provided  
13 in subsection (e); or

14 [~~5~~] (6) For a judge with credited service as an elective  
15 officer or as a legislative officer, as provided in  
16 subsection (d).

17 No allowance shall exceed seventy-five per cent of the member's  
18 average final compensation. If the allowance exceeds this  
19 limit, it shall be adjusted by reducing the annuity included in  
20 paragraphs (1) [~~, (2), and (3)~~] to (4) and the portion of the  
21 accumulated contributions specified in paragraphs (1) [~~, (2), and~~



1 ~~(3)]~~ (4) in excess of the requirements of the reduced annuity  
2 shall be returned to the member upon the member's retirement or  
3 paid to the member's designated beneficiary upon the member's  
4 death while in service or while on authorized leave without pay.  
5 The allowance for judges under this subsection, together with  
6 the retirement allowance provided by the federal government for  
7 similar service, shall in no case exceed seventy-five per cent  
8 of the member's average final compensation.

9 (d) If a member, who became a member before July 1, 2012,  
10 has credited service as an elective officer or as a legislative  
11 officer, the member's retirement allowance shall be derived by  
12 adding the allowances computed separately under paragraphs (1),  
13 (2), (3), (4), (5), and (6) as follows:

14 (1) For a member who has credited service as an elective  
15 officer before July 1, 2012, irrespective of age, for  
16 each year of credited service as an elective officer,  
17 three and one-half per cent of the member's average  
18 final compensation as computed under section  
19 88-81(e)(1), in addition to an annuity that is the  
20 actuarial equivalent of the member's accumulated  
21 contributions allocable to the period of service;



- 1           (2) For a member, who first earned credited service as an  
2           elective officer after June 30, 2012, irrespective of  
3           age, for each year of credited service as an elective  
4           officer, three per cent of the member's average final  
5           compensation as computed under section 88-81(e)(1), in  
6           addition to an annuity that is the actuarial  
7           equivalent of the member's accumulated contributions  
8           allocable to the period of service;
- 9           (3) For a member who has credited service as a legislative  
10          officer before July 1, 2012, irrespective of age, for  
11          each year of credited service as a legislative  
12          officer, three and one-half per cent of the member's  
13          average final compensation as computed under section  
14          88-81(e)(2), in addition to an annuity that is the  
15          actuarial equivalent of the member's accumulated  
16          contributions allocable to the period of service;
- 17          (4) For a member who first earned credited service as a  
18          legislative officer after June 30, 2012, irrespective  
19          of age, for each year of credited service as a  
20          legislative officer, three per cent of the member's  
21          average final compensation as computed under section



1 88-81(e)(2), in addition to an annuity that is the  
2 actuarial equivalent of the member's accumulated  
3 contributions allocable to the period of service;  
4 (5) If the member has credited service as a judge, the  
5 member's retirement allowance shall be computed on the  
6 following basis:  
7 (A) For a member who has credited service as a judge  
8 before July 1, 1999, irrespective of age, for  
9 each year of credited service as a judge, three  
10 and one-half per cent of the member's average  
11 final compensation as computed under section  
12 88-81(e)(3), in addition to an annuity that is  
13 the actuarial equivalent of the member's  
14 accumulated contributions allocable to the period  
15 of service;  
16 (B) For a member who first earned credited service as  
17 a judge after June 30, 1999, but before July 1,  
18 2012, and has attained the age of fifty-five, for  
19 each year of credited service as a judge, three  
20 and one-half per cent of the member's average  
21 final compensation as computed under section



1 88-81(e)(3), in addition to an annuity that is  
2 the actuarial equivalent of the member's  
3 accumulated contributions allocable to the period  
4 of service. If the member has not attained age  
5 fifty-five, the member's retirement allowance  
6 shall be computed as though the member had  
7 attained age fifty-five, reduced for age as  
8 provided in subsection (e); ~~and~~

9 (C) For a member who first earned credited service as  
10 a judge after June 30, 2012, but before July 1,  
11 2017, and has attained the age of sixty, for each  
12 year of credited service as a judge, three per  
13 cent of the member's average final compensation  
14 as computed under section 88-81(e)(3), in  
15 addition to an annuity that is the actuarial  
16 equivalent of the member's accumulated  
17 contributions allocable to the period of service.  
18 If the member has not attained age sixty, the  
19 member's retirement allowance shall be computed  
20 as though the member had attained age sixty,



1 reduced for age as provided in subsection (i);

2 and

3 (D) For a member who first earned credited service as  
4 a judge after June 30, 2017, and has attained age  
5 sixty, for each year of credited service as a  
6 judge, two per cent of the member's average final  
7 compensation, as computed under section  
8 88-81(e)(3), in addition to an annuity that is  
9 the actuarial equivalent of the member's  
10 accumulated contributions allocable to the period  
11 of service. If the member has not attained age  
12 sixty, the member's retirement allowance shall be  
13 computed as though the member had attained age  
14 sixty, reduced for age as provided in subsection  
15 (i); and

16 (6) For each year of credited service not included in  
17 paragraph (1), (2), (3), (4), or (5), the average  
18 final compensation as computed under section  
19 88-81(e)(4) shall be multiplied by two per cent for  
20 credited service earned as a class A or class H  
21 member, two and one-half per cent for credited service



1           earned as a class B member, and one and one-quarter  
2           per cent for credited service earned as a class C  
3           member. If the member has not attained age fifty-  
4           five, the member's retirement allowance shall be  
5           computed as though the member had attained age fifty-  
6           five, reduced for age as provided in subsection (e).  
7   The total retirement allowance shall not exceed seventy-five per  
8   cent of the member's highest average final compensation  
9   calculated under section 88-81(e)(1), (2), (3), or (4). If the  
10   allowance exceeds this limit, it shall be adjusted by reducing  
11   any annuity accrued under paragraphs (1), (2), (3), (4), and (5)  
12   and the portion of the accumulated contributions specified in  
13   these paragraphs in excess of the requirements of the reduced  
14   annuity shall be returned to the member upon the member's  
15   retirement or paid to the member's designated beneficiary upon  
16   the member's death while in service or while on authorized leave  
17   without pay. If a member has service credit as an elective  
18   officer or as a legislative officer in addition to service  
19   credit as a judge, then the retirement benefit calculation  
20   contained in this subsection shall supersede the formula  
21   contained in subsection (c)."



1           2. By amending subsections (g) and (h) to read:

2           "(g) If a member, who becomes a member after June 30,  
3 2012, has credited service as a judge~~[7]~~:

4           (1) For a member who first earned credited service as a  
5           judge prior to July 1, 2017, the member's retirement  
6           allowance shall be computed on the following basis:

7           ~~[(1)]~~ (A) For each year of credited service as a judge,  
8                           three per cent of the member's average final  
9                           compensation in addition to an annuity that is  
10                          the actuarial equivalent of the member's  
11                          accumulated contributions allocable to the period  
12                          of service. If the member has not attained age  
13                          sixty, the member's retirement allowance shall be  
14                          computed as though the member had attained age  
15                          sixty, reduced for age as provided in subsection  
16                          (i);

17           ~~[(2)]~~ (B) For a judge with other credited service, as  
18                           provided in subsection (f). If the member has  
19                           not attained age sixty, the member's retirement  
20                           allowance shall be computed as though the member



1           had attained age sixty, reduced for age as  
2           provided in subsection (i); and  
3       ~~[(3)]~~ (C) For a judge with credited service as an elective  
4           officer or as a legislative officer, as provided  
5           in subsection (h) ~~[-]~~; and  
6       (2) For a member who first earned credited service as a  
7       judge after June 30, 2017, the member's retirement  
8       allowance shall be computed on the following basis:  
9       For each year of credited services as a judge, two per  
10       cent of the member's average final compensation in  
11       addition to an annuity that is the actuarial  
12       equivalent of the member's accumulated contributions  
13       allocable to the period of service. If the member has  
14       not attained age sixty, the member's retirement  
15       allowance shall be computed as though the member had  
16       attained age sixty, reduced for age as provided in  
17       subsection (i).

18           No allowance shall exceed seventy-five per cent of the  
19       member's average final compensation. If the allowance exceeds  
20       this limit, it shall be adjusted by reducing the annuity  
21       included in paragraph ~~[(1)]~~ (1) (A) and the portion of the



1 accumulated contributions specified in paragraph [~~(1)~~] (1)(A) in  
2 excess of the requirements of the reduced annuity shall be  
3 returned to the member upon the member's retirement or paid to  
4 the member's designated beneficiary upon the member's death  
5 while in service or while on authorized leave without pay. The  
6 allowance for judges under this subsection, together with the  
7 retirement allowance provided by the federal government for  
8 similar service, shall in no case exceed seventy-five per cent  
9 of the member's average final compensation.

10 (h) If a member, who becomes a member after June 30, 2012,  
11 has credited service as an elective officer or as a legislative  
12 officer, the member's retirement allowance shall be derived by  
13 adding the allowances computed separately under paragraphs (1),  
14 (2), (3), and (4) as follows:

15 (1) Irrespective of age, for each year of credited service  
16 as an elective officer, three per cent of the member's  
17 average final compensation as computed under section  
18 88-81(f)(1), in addition to an annuity that is the  
19 actuarial equivalent of the member's accumulated  
20 contributions allocable to the period of service;



- 1 (2) Irrespective of age, for each year of credited service  
2 as a legislative officer, three per cent of the  
3 member's average final compensation as computed under  
4 section 88-81(f)(2), in addition to an annuity that is  
5 the actuarial equivalent of the member's accumulated  
6 contributions allocable to the period of service;
- 7 (3) For each year of credited service as a judge~~[7]~~ who  
8 first earned credited service as a judge prior to  
9 July 1, 2017, three per cent of the member's average  
10 final compensation as computed under section  
11 88-81(f)(3), in addition to an annuity that is the  
12 actuarial equivalent of the member's accumulated  
13 contributions allocable to the period of service. For  
14 each year of credited service as a judge who first  
15 earned credited service as a judge after June 30,  
16 2017, two per cent of the member's average final  
17 compensation as computed under section 88-81(f)(3), in  
18 addition to an annuity that is the actuarial  
19 equivalent of the member's accumulated contributions  
20 allocable to the period of service. If the member has  
21 not attained age sixty, the member's retirement



1 allowance shall be computed as though the member had  
2 attained age sixty, reduced for age as provided in  
3 subsection (i); and

4 (4) For each year of credited service not included in  
5 paragraph (1), (2), or (3), the average final  
6 compensation as computed under section 88-81(f)(4)  
7 shall be multiplied by one and three-fourth per cent  
8 for credited service earned as a class A or class H  
9 member, two and one-fourth per cent for credited  
10 service earned as a class B member, and one and  
11 one-fourth per cent for credited service earned as a  
12 class C member. If the member has not attained age  
13 sixty, the member's retirement allowance shall be  
14 computed as though the member had attained age sixty,  
15 reduced for age as provided in subsection (i).

16 The total retirement allowance shall not exceed seventy-five per  
17 cent of the member's highest average final compensation  
18 calculated under section 88-81(f)(1), (2), (3), or (4). If the  
19 allowance exceeds this limit, it shall be adjusted by reducing  
20 any annuity accrued under paragraphs (1), (2), and (3) and the  
21 portion of the accumulated contributions specified in these



1 paragraphs in excess of the requirements of the reduced annuity  
2 shall be returned to the member upon the member's retirement or  
3 paid to the member's designated beneficiary upon the member's  
4 death while in service or while on authorized leave without pay.  
5 If a member has service credit as an elective officer or as a  
6 legislative officer in addition to service credit as a judge,  
7 then the retirement benefit calculation contained in this  
8 subsection shall supersede the formula contained in subsection  
9 (g)."

10 SECTION 2. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 3. This Act shall take effect on July 1, 2050.



**Report Title:**

Retirement; Pension; Judges; Employees' Retirement System

**Description:**

Reduces the percentage of average final compensation used to calculate the retirement allowance for a member who first earned credited service as a judge after June 30, 2017, to two per cent. Effective 7/1/2050. (SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

